

Housing

An adequate supply of varied types of housing in convenient locations is a fundamental ingredient of a prosperous community. The majority of housing units in Loudoun County are located in the eastern, Suburban Policy area and in the rural towns in the west. Development in the eastern part of the county are at suburban densities and occur in large Planned Unit Developments (PUDs). In the rural west, large lot subdivisions are occurring more frequently as farms are taken out of production and subdivided.

The type of housing constructed is driven by the residential market. Market factors include regional demand for specific housing types and potential return on investment for the developer. As total demand for housing in Loudoun has increased over the past decade, townhouse units have increased significantly in their share of total housing stock. In 1994, single-family detached units represented 61 percent of the county's housing stock, whereas single-family attached units constituted 19 percent and multi-family units constituted 21 percent. In 2004, single-family detached units represented 53 percent of all homes; single-family attached units 27 percent, and multi-family units, 20 percent.

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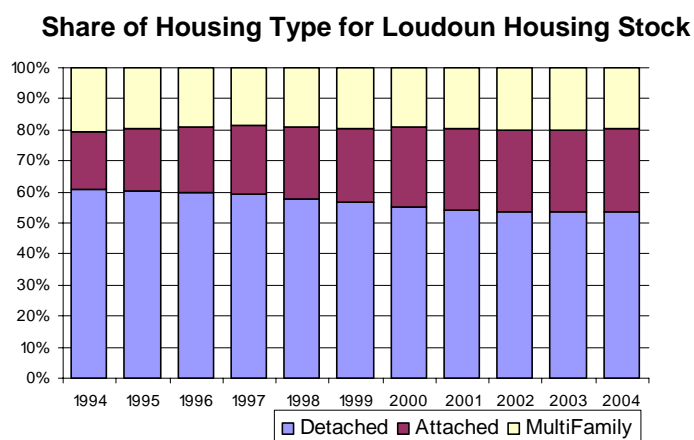


Figure 20. Share of Housing Type. The share of attached single family homes has increased in the last decade. (Loudoun County Department of Building & Development and Department of Economic Development)

Average Housing Sale Prices

In 2004, the average price for a home in Loudoun County was \$451,796. Sale prices have been increasing significantly since 2000 with the greatest annual gain occurring last year when the average price rose by nearly 40 percent.

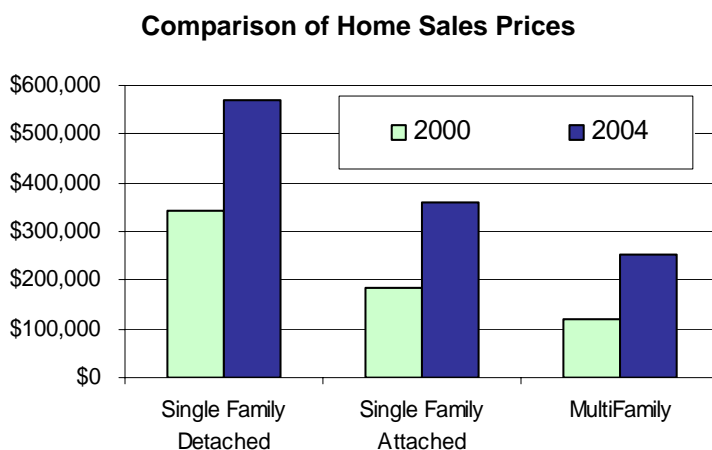


Figure 21. Comparison of Home Sales Prices. The average home sale price for attached single family homes have increased by 118 percent in four years, the most of the three home types. (Loudoun County Department of Economic Development)

New Residential Construction

In 2004, 6,593 building permits for new residential units were issued. Over 53 percent of those permits were for single-family detached units, 30 percent were for single-family attached units and 17 percent were for multi-family units.

With the continuing employment opportunities and anticipated population growth, residential growth is expected to continue to be strong. Currently, there are over 37,000 approved but un-built housing units in the county's major residential projects. Thirty-three percent of the units in the pipeline are multifamily.

The relatively recent introduction of higher density residential projects can be seen in the following table. New devel-

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**Percentage of Types of Housing Units
Approved but not Built**

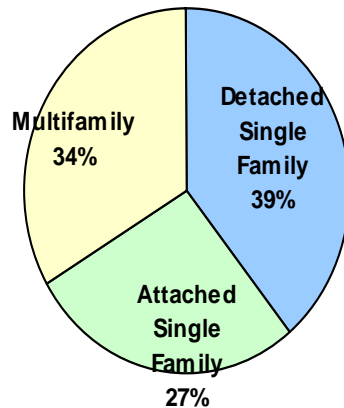


Figure 22. Types of Housing Units in Pipeline. A shift to higher density development is noted by the large share of multifamily homes that have been approved but yet to be built. (Loudoun County Department of Economic Development)

opments have a larger mix of multifamily and attached single family units. Moorefield Station, planned on the site of a future Metro rail stop, has multifamily as the predominant type of housing offered.

Table 13. Ten Largest Residential Developments

Development Name	Detached	Attached	Multi-family	Total	% Complete
Cascades	3,024	1,968	1,582	6,574	90%
Brambleton	3,050	2,757	433	6,240	19%
Moorefield Station	50	1,300	4,650	6,000	0%
South Riding	2,415	2,200	1,100	5,715	87%
Lansdowne	1,422	845	2,986	5,253	63%
Ashburn Village	1,489	2,424	1,142	5,055	95%
Ashburn Farm	1,743	1,488	561	3,792	100%
Broadlands	1,946	1,225	612	3,783	80%
Sterling Park	3,080	0	0	3,080	100%
Stone Ridge	626	1,096	1,070	2,792	32%

Sources: Loudoun County Department Building & Development, Loudoun County Department of Economic Development

Suburban Office/Flex/Industrial Markets

Loudoun's commercial market has experienced tremendous growth over the last 10 years. On average, 3 million square feet of new commercial space is permitted each year. However, 2000 proved to be a record-setting year, adding nearly 8 million square feet.

While the height of the technology boom brought about fast development, the technology bust proved the diversity and strength of the Loudoun commercial market. Loudoun's vacancy rates increased as product was delivered, and then the market entered a recession. The majority of Loudoun's space was new, speculative space; therefore, it was not directly hit with the depressed value of the sublet market. On the other hand, Reston and Herndon, located in Fairfax County adjacent to Loudoun, suffered a much bigger hit in the sublet market.

As the recession began in late 2000-early 2001, rental rates dropped on sublet space located just across Loudoun's borders in Fairfax County. Loudoun's rental rates remained constant, and so did the real estate values. Buildings that were easily subdivided were leased throughout the recession; however, large tenant buildings sat empty for two to three years. Low interest rates allowed building owners to absorb the vacancy and wait out the market. Their patience has paid off and vacancy rates are now dropping.

Figure 23 shows the size and vacancy of each northern Virginia jurisdiction. The Fairfax office and industrial market is approximately 5 times the size of Loudoun's market.

Table 14 shows the adjusted vacancy for Loudoun based on deals that are in negotiations, but not yet announced. The flex market continues to have the highest vacancy numbers due to the unique space that had been built during the data center boom. Due to the cost and uniqueness of these buildings, many developers have chosen to wait for the recovery of this sector and have not yet converted these buildings. The data center market is now showing signs of recovery and many of these buildings are now in negotiations. Loudoun's industrial market remained strong throughout the recession

Major Land Uses

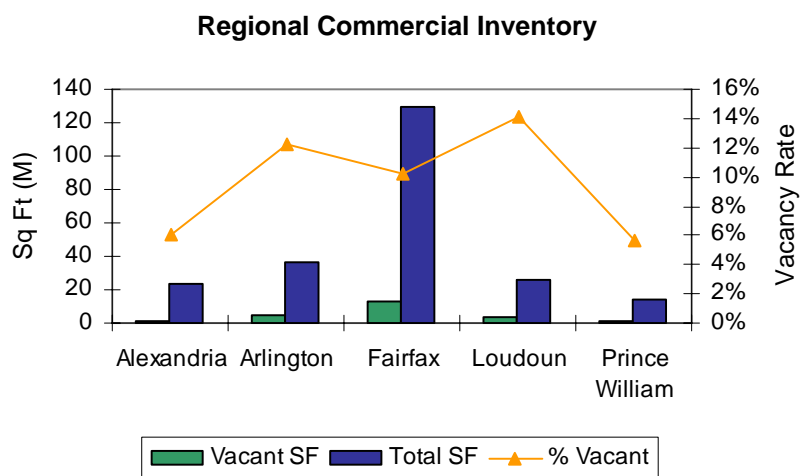


Figure 23. Regional Commercial Inventory, 2Q05. Fairfax County Office and Industrial market is approximately 5 times the size of Loudoun's market.

and remains strong today. Increased demand for airport and residential support services has fueled the building and leasing of Loudoun's industrial space.

Table 14. Loudoun County Office and Industrial Market					
Building Type	Number of Properties	Total Square Footage	Vacant Square Footage	CoStar Percent Vacant	Adjusted Percent Vacant*
Office	282	10,329,723	1,060,868	10.30%	8.01%
Flex	127	7,686,133	1,803,260	23.50%	13.03%
Industrial	175	7,853,018	618,364	7.90%	4.42%
Total	584	25,868,874	3,482,492	13.50%	8.41%

**The Department of Economic Developments adjusted the vacant square footage based on current and pending lease deals and thus the percent vacant reflecting current activity.
Sources: CoStar and Loudoun County Department of Economic Development.*

Tables 15 and 16 show the Fairfax and Prince William office and industrial markets.

Table 15. Fairfax County Office and Industrial Market

Building Type	Number of Properties	Total Square Footage	Vacant Square Footage	Percent Vacant
Office	1,247	94,870,212	9,131,499	9.60%
Flex	305	15,470,015	1,544,741	10.00%
Industrial	480	21,567,208	852,873	4.00%
Total	2,032	131,907,435	11,529,113	8.70%

Source: CoStar

Table 16. Prince William County Office and Industrial Market

Building Type	Properties	Total Building Square Floor Area	Square Foot Vacant	Percent Vacant
Office	141	3,231,338	138,956	4.30%
Flex	66	3,100,639	547,380	17.70%
Industrial	198	8,369,823	226,398	2.70%
Total	405	14,701,800	912,734	6.20%

Source: CoStar

Retail Market

Loudoun County currently has nearly 10 million square feet of retail space constructed. There are over 5 million square feet of retail space approved but yet to be built, with nearly half of that being in the Ashburn area.

The county has one designated retail area in the Route 28 corridor where Dulles Town Center is located. Each of the seven incorporated towns has traditional small town retail areas of various sizes. Most of the retail space in Loudoun County is located in various Planned Unit Developments (PUDs) in the eastern portion of the county. These have tended to build out in a typical, suburban center fashion, relying on vehicular access and are not necessarily pedestrian-friendly. Some of the more recently approved PUDs that will be located along the proposed Metro rail expansion (for ex-

ample Moorefield Station and Loudoun Station) will be pedestrian- and transit-oriented, and will have retail integrated into the ground level of buildings.

Recreation and Open Space

The Suburban Policy Area incorporates a broad array of open space features in the communities and neighborhoods. Such areas are in the form of woods, ponds, neighborhood and community parks, community gardens, athletic fields, tot lots, trails, streetscape areas, and other natural or man-made features that function as amenities for planned development's residents and employees.

Beyond the many neighborhoods and communities who maintain their own hiking trails, pools, golf courses and sports facilities, Loudoun has many recreational activities available. Bounded by the Potomac River and the Blue Ridge mountains, Loudoun has beautiful parks where visitors can enjoy being outdoors. The rural, western portion of the county has many farms and wineries that are open to the public for "pick-your-own" opportunities and other forms of "agritainment" including corn mazes, pig races, and picnicking.